EXHIBIT B

CYBERLUX CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(unaudited)

	Three months ended September 30,		Nine months ended September 30,	
	2007	2006	2007	2006
REVENUE:	$ 298,459	$ 222,855	$ 521,814	$ 353,081
Cost of goods sold	(227,932)	(178,483)	(402,608)	(253,150)
Gross margin (loss)	70,528	44,372	119,207	99,931
OPERATING EXPENSES:				
Depreciation	5,332	5,024	16,981	18,131
Research and development	42,466	45,760	121,951	160,123
General and administrative expenses	629,606	1,250,174	2,865,387	3,616,899
Total operating expenses	677,404	1,300,958	3,004,319	3,795,153
NET LOSS FROM OPERATIONS	(606,877)	(1,256,586)	(2,885,113)	(3,695,222)
Other income/(expense)	-	-	381,652	-
Debt forgiveness	-	-	-	36,799
Unrealized gain (loss) relating to adjustment of derivative and warrant liability to fair value of underlying securities	(56,164,992)	(2,723,742)	(65,227,499)	435,515
Interest expense, net	(631,731)	(569,035)	(1,829,729)	(2,047,621)
Debt acquisition costs	(34,381)	(17,072)	(77,751)	(26,551)
Net loss before provision for income taxes	(57,437,981)	(4,566,435)	(69,638,440)	(5,297,080)
Income taxes (benefit)	-	-	-	-
LOSS AVAILABLE TO COMMON STOCKHOLDERS	$ (57,437,981)	$ (4,566,435)	$ (69,638,440)	$ (5,297,080)
Weighted average number of common shares outstanding-basic and assuming fully diluted	494,297,678	97,176,885	327,087,037	88,702,751
Loss per share-basic and assuming fully diluted	$ (0.12)	$ (0.05)	$ (0.21)	$ (0.06)
Preferred dividend	$ 24,000	$ 24,000	$ 96,000	$ 96,000

The accompanying notes are an integral part of these financial statements

CYBERLUX, INC
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOW
(unaudited)

	Nine months ended September 30, 2007	Nine months ended September 30, 2006
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net (loss) available to common stockholders	$ (69,638,440)	$ (5,297,080)
Adjustments to reconcile net income (loss) to cash used in operating activities		
Depreciation	16,981	18,131
Amortization	394,417	-
Fair value of options issued to officers and employees	-	721,500
Common stock issued in connection with services rendered	118,110	1,201,889
Common stock issued in settlement of debt	-	31,655
Preferred stock issued as compensation	370,500	-
Accretion of convertible notes payable	1,408,058	1,208,694
Gain on repurchase and cancellation of warrants	(381,652)	-
Unrealized (gain) loss on adjustment of derivative and warrant liability to fair value of underlying securities	65,227,499	(435,515)
Impairment loss on patent	-	-
(Increase) decrease in:		
Accounts receivable	85,272	(165,579)
Inventories	88,393	103,003
Prepaid expenses and other assets	12,543	55,079
Deposits	-	-
Increase (decrease) in:		
Cash overdraft	68,348	-
Accounts payable	92,929	(266,740)
Accrued liabilities	343,689	810,456
Net cash (used in) operating activities	(1,793,351)	(2,014,507)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Net cash acquired in connection with acquisition of Hybrid Lighting Technologies, Inc	150,000	-
Payments towards patent rights	-	-
Acquisition of fixed assets	(11,314)	(13,446)
Net cash provided by (used in) investing activities:	138,686	(13,446)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net proceeds from issuance of convertible debentures	1,000,000	1,240,000
Proceeds from exercise of warrants	158,723	-
Net proceeds (payments) from borrowing on long term basis	20,290	399,403
Net proceeds (payments) to notes payable, related parties	81,470	(12,000)
Net cash provided by (used in) financing activities:	1,260,483	1,627,403
Net increase (decrease) in cash and cash equivalents	(394,182)	(400,550)
Cash and cash equivalents at beginning of period	395,812	475,656
Cash and cash equivalents at end of period	$ 1,630	$ 75,106

Supplemental disclosures:		
Interest Paid	$ -	$ 39,349
Income Taxes Paid	-	-
NON-CASH INVESTING AND FINANCING ACTIVITIES:		
Unrealized (gain) loss in adjustment of derivative and warrant liability to fair value of underlying securities	65,227,499	(435,515)
Fair value of options issued to officers and employees	-	721,500
Common stock issued for services rendered	118,110	1,201,889
Common stock issued in settlement of debt	-	31,655
Preferred stock issued as compensation	370,500	-

The accompanying notes are an integral part of these financial statements

CYBERLUX CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2007
(Unaudited)

NOTE K- GOING CONCERN MATTERS

The accompanying statements have been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. As shown in the accompanying financial statements, as of September 30, 2007, the Company incurred accumulated losses of $95,105,781. The Company's current liabilities exceeded its current assets by $3,891,035 as of September 30, 2007. These factors among others may indicate that the Company will be unable to continue as a going concern for a reasonable period of time.

The Company is actively pursuing additional equity financing through discussions with investment bankers and private investors. There can be no assurance the Company will be successful in its effort to secure additional equity financing.

If operations and cash flows continue to improve through these efforts, management believes that the Company can continue to operate. However, no assurance can be given that management's actions will result in profitable operations or the resolution of its liquidity problems.

The Company's existence is dependent upon management's ability to develop profitable operations and resolve its liquidity problems. Management anticipates the Company will attain profitable status and improve its liquidity through the continued developing, marketing and selling of its services and additional equity investment in the Company. The accompanying financial statements do not include any adjustments that might result should the Company be unable to continue as a going concern.

OPERATING EXPENSES

Operating expenses for the nine months ended September 30, 2007 were $3,004,319 as compared to $3,795,153 for the same period ended September 30, 2006. Included in the nine months ended September 30, 2007 were $121,951 in expenses for research & development. This compares to $160,123 for the nine months ended September 30, 2006. We also began the amortization of our recently acquired patents with a $394,417 charge to operations for the nine months ended September 30, 2007 as compared to $-0- for the prior year.

We reported an unrealized loss for the change in fair value or warrants and debt derivatives of $(65,227,499) as compared to a gain of $435,515 for the same period last year. Although the change of $(65,663,014) is unrelated to our operating activities, the decrease in included in our reported net loss.

Three months ended September 30, 2007 compared to the three months ended September 30, 2006

REVENUES

Revenues for the three months ended September 30, 2007 were $298,459 as compared to $222,855 for the same period last year. The increase in revenue was attributed to sales of our Keon product to The Home Depot in the amount of $181,636.

OPERATING EXPENSES

Operating expenses for the three months ended September 30, 2007 were $677,404 as compared to $1,300,958 for the same period ended September 30, 2006. Included in the three months ended September 30, 2007 were $131,472 due to the amortization of our recently acquired patents as compared to $-0- same period in 2006.

We reported an unrealized loss for the change in fair value or warrants and debt derivatives of $(56,164,992) as compared to a loss of $(2,723,742) for the same period last year. Although the change of $(53,441,250) is unrelated to our operating activities, the decrease in included in our reported net loss.

As a result of limited capital resources and minimal revenues from operations from its inception, we have relied on the issuance of equity securities to non-employees in exchange for services. Our management enters into equity compensation agreements with non-employees if it is in our best interest under terms and conditions consistent with the requirements of Financial Accounting Standards No. 123, Accounting for Stock Based Compensation. In order to conserve our limited operating capital resources, we anticipate continuing to compensate non-employees for services during the next twelve months. This policy may have a material effect on our results of operations during the next twelve months.

Liquidity and Capital Resources

As of September 30, 2007, we had a working capital deficit of $3,891,035. This compares to a working capital deficit of $2,571,943 as of December 31, 2006. Accrued interest on notes payable was $1,572,317 compared to accrued interest of $1,274,371 as December 31, 2006. Accounts payable as of September 30, 2007 were $657,804 and compares to $564,875 as compared to December 31, 2006. As a result of our operating losses for the nine months ended September 30, 2007, we generated a cash flow deficit of $1,793,351 from operating activities. Cash flows provided by investing activities was $138,686 for the nine months ended September 30, 2007 primarily from the cash received with the acquisition of Hybrid Lighting Technologies, Inc . Cash flows from financing activities provided $1,260,483 from the borrowing on a long term basis for the nine months ended September 30, 2007.

While we have raised capital to meet our working capital and financing needs in the past, additional financing is

required in order to meet our current and projected cash flow deficits from operations and development.

By adjusting our operations and development to the level of capitalization, we believe we have sufficient capital resources to meet projected cash flow deficits through the next twelve months. However, if thereafter, we are not successful in generating sufficient liquidity from operations or in raising sufficient capital resources, on terms acceptable to us, this could have a material adverse effect on our business, results of operations, liquidity and financial condition.

Our independent certified public accountant has stated in their report included in our December 31, 2006, Form 10-KSB that we have incurred operating losses in the last two years, and that we are dependent upon management's ability to develop profitable operations. These factors among others may raise substantial doubt about our ability to continue as a going concern.

April 2007 Stock Purchase Agreement

To obtain funding for our ongoing operations, we entered into a Securities Purchase Agreement with four accredited investors on April 18, 2007, for the sale of (i) $400,000 in secured convertible notes, and (ii) warrants to purchase 10,000,000 shares of our common stock. The investors purchased all of the secured convertible notes on April 18, 2007.

The proceeds received from the sale of the secured convertible notes were used for business development purposes, working capital needs, pre-payment of interest, payment of consulting and legal fees and purchasing inventory.